

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING

Call to Order: By **CHAIRMAN JACK WELLS**, on February 2, 2005 at 8:00 A.M., in Room 350 Capitol.

ROLL CALL

Members Present:

Rep. Jack Wells, Chairman (R)
Sen. John Brueggeman (R)
Sen. Mike Cooney (D)
Sen. Bob Keenan (R)
Rep. Ralph L. Lenhart (D)
Rep. John E. Witt (R)

Members Excused: None.

Members Absent: Sen. Jon Tester, Vice Chairman (D)
Rep. Carol C. Juneau (D)

Staff Present: Laura Dillon, Committee Secretary
Jon Moe, Legislative Branch
Mike Burke, Legislative Branch

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 5, 2/2/2005, HB 299 2/2/2005
Executive Action:

Reference book is: Governor's Budget State of Montana, Fiscal Years 2006-2007, Long Range Building Program (LRBP), Volume 4.

CHAIRMAN WELLS opened the meeting and invited a representative from the Department of Administration (DOA) to speak.

Joe Triem, Department of Administration, Architecture and Engineering, informed the committee members that they would be hearing projects from five different agencies. The testimony will be followed by a presentation from the Montana Historical Society.

CHAIRMAN WELLS added that the Montana Preservation Alliance would be speaking following the Montana Historical Society presentation.

Mr. Triem continued that the first projects would be presented by the Department of Transportation (DOT). Their presentation will include a project, which has components of both HB 5 and HB 299.

HEARING ON HB 299

Opening Statement by Sponsor:

REP. JACK WELLS, HD 69, opened the hearing on **HB 299**, Long-Range Building Program Bonds. He stated that the bill authorizes the creation of state debt through building bonds. The DOT building project is included in the bill.

John Blacker, Department of Transportation, Maintenance Division, discussed the projects included in the DOT request. The DOT has around 920 buildings to maintain statewide. Mr. Blacker submitted a binder (Exhibit 1) containing pictures of DOT site projects that were approved during the last session. The DOT buildings are generally made of steel. They are constructed to be low-maintenance and high-efficiency. The buildings proposed to be replaced are old and are unable to handle the size of industry equipment used today.

EXHIBIT(jlh26a01)

{Tape: 1; Side: A; Approx. Time Counter: 0 - 8}

Maintenance, Repair and Small Projects Statewide, Page 177

Proponents' Testimony:

Mr. Blacker stated that \$1.2 million of the total project request has been included for incidental repairs and maintenance. The remaining approximately \$2.3 million will be used to fund small DOT projects statewide. Projects include elevator upgrades and construction of tent storage facilities.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

CHAIRMAN WELLS asked for further explanation of the storage tents.

Mr. Blacker explained that the tents are set on a four foot concrete retaining wall. The retaining wall is necessary for proper storage of sandy road material. The cost of storing the material in such a tent is around \$16 per square foot, as opposed to around \$50 per square foot in another facility.

CHAIRMAN WELLS asked for the life expectancy of the tents.

Mr. Blacker replied that the tents come with a 20 year warranty.

REP. WITT asked if the DOT was still using chemical de-icers on the road.

Mr. Blacker responded that chemicals are still used. The sand must be mixed with seven to ten percent de-icing chemicals to keep it from freezing in storage. Using chemical de-icers allow for less sand to be used.

{Tape: 1; Side: A; Approx. Time Counter: 8 - 18.5}

Equipment Storage Buildings Statewide, Page 179

Proponents' Testimony:

Mr. Blacker explained that this project was part of both HB 5 and HB 299. This project is for the new facilities included in DOT capital improvement program. With the exception of the construction of the department headquarters, this is the first time the DOT has asked for bonding. The department is faced with a number of sub-standard sites and they would like to address the problem up-front. The DOT is requesting a bond amount of \$5.1 million. This will be paid back at a rate of \$600,000 per year out of the department's original building allocation. Other building projects will be deferred until the bond is repaid. Mr. Blacker further explained the building projects and distributed a visual on the project proposed at Scobey (Exhibit 2).

EXHIBIT(j1h26a02)

{Tape: 1; Side: A; Approx. Time Counter: 18.5 - 27.4}

Opponents' Testimony: none.

Questions from Committee Members and Responses:

SEN. COONEY asked for clarification of the figures in the Scobey Project.

Mr. Blacker explained that the project amount would be paid back internally through the department.

SEN. COONEY asked if the Harlowtown Project had been addressed.

Mr. Blacker described the Harlowtown Project included in the request.

REP. WITT asked what would happen to the old facilities.

Mr. Blacker replied that they would be sold. Occasionally the department will lease the buildings to non-profit organizations for a minimal cost.

{Tape: 1; Side: A; Approx. Time Counter: 27.4 - 30.5}

CHAIRMAN WELLS commented that the bill listed for the project should read HB 299 instead of HB 14. CHAIRMAN WELLS went on to ask for clarification on the \$40,000 funding difference included in the Scobey Project.

Mr. Blacker replied that the \$40,000 would be taken out of the state funded portion of that project.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 3.5}

Chiller/Cooling Towers Replacement, Page 183

Proponents' Testimony:

Mr. Blacker explained that \$350,000 is being requested for this project to replace and overhaul the chiller and cooling towers at the main DOT building in Helena. The building is old and it has become uneconomical to continue repairs.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

CHAIRMAN WELLS asked how many people worked in the building.

Mr. Blacker replied that around 650 to 700 people are in the facility at a given time.

Office Addition, Page 185

Proponents' Testimony:

Mr. Blacker stated that the DOT has requested \$500,000 to fund an addition to their Billings office site. Currently, most of the Billings survey crews are housed in trailers and the city has requested that the trailers be removed.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

SEN. COONEY asked where the offices were located in Billings.

Mr. Blacker explained the location of the site.

CHAIRMAN WELLS asked for the size of the proposed building.

Mr. Blacker responded that a 1000 square foot construction will be added to the existing structure.

{Tape: 1; Side: B; Approx. Time Counter: 3.5 - 8.6}

Mr. Triem stated that the next projects would be presented by the Department of Military Affairs (DMA).

Ralph DeCunzo, Department of Military Affairs, distributed copies of proposed projects and amendments to HB 5. The DMA is responsible for 23 different locations within the state. The facilities are used by the National Guard primarily for training purposes. The facilities are also made available for community use whenever possible. These building projects are funded, at least in part, by the Federal Government. Building planning and construction has contributed to state jobs and the local economy. Mr. DeCunzo went through the individual projects proposed as part of the authority request and distributed a technical amendment (Exhibit 3).

EXHIBIT(jlh26a03)

CHAIRMAN WELLS asked where one of the projects could be found in the Governor's Budget.

Mr. Triem stated that the project was listed fourth from the bottom on Page 56.

{Tape: 1; Side: B; Approx. Time Counter: 8.6 - 14.5}

Code/Deferred Maintenance Projects Statewide, Page 70

Proponents' Testimony:

Mr. DeCunzo explained that the DMA had a project that would be addressed as part of these deferred maintenance projects. The concrete floor in the Chinook DMA facility will be replaced. The floor slopes in excess of current standards. Replacing the floor was determined to be the best option. The DMA has an amendment that would allow federal funding to be used for the project and the state appropriation to be reverted.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

CHAIRMAN WELLS asked where this project was listed in the budget.

Mr. Triem replied that the DMA project was one of several projects being reviewed by the department, but not specifically listed on Page 70. He had spoken about this during the department's original presentation.

CHAIRMAN WELLS asked how state funding was designated from federal funding on the chart.

Mr. Triem explained the number code, which indicates the different sources of project funds.

Federal Spending Authority, Page 169

Proponents' Testimony:

Mr. DeCunzo stated that the DMA is requesting the authority to use federal funds to address small maintenance projects within the department. These include road improvements, a new control tower, and roofing projects. The department has proposed an amendment to increase federal spending authority by \$100,000. This increase would be used to fund a cemetery improvements project that has come forth from the Federal Department of Veterans Affairs.

Fred Easy, Helena Resident, Veteran, spoke in support of the improvements to veterans cemeteries. He added that he would like to see the rules changed to allow his mother to be buried in a Veterans' Cemetery. Although Mr. Easy's mother had become a United States citizen, she is not eligible to be buried in a

Federal Veteran's Cemetery because she served with the Canadian Military.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

SEN. COONEY commented that he did not feel the committee was authorized to handle Mr. Easy's request.

CHAIRMAN WELLS asked who is available within the DMA to handle Mr. Easy's request.

Joe Foster, Montana Veterans' Affairs, stated that the state program is required to follow federal standards for cemeteries.

SEN. COONEY asked if the department was unable to accommodate Mr. Easy's request because of federal regulations.

Mr. Foster replied that this was probably the case.

SEN. COONEY added that he would appreciate it if the state veterans' agencies could look into the request.

Mr. Foster commented that historic cemeteries aren't as consistent with their burial regulations, but all veterans' cemeteries have been brought under the same regulations in recent years.

Mr. Easy stated that Montana Codified Law already allows for the burial of Canadians who served in the armed forces.

CHAIRMAN WELLS suggested Mr. Easy discuss the issue further with Mr. Foster.

{Tape: 1; Side: B; Approx. Time Counter: 14.5 - 29.6}

Western Montana Veterans' Cemetery, Page 171

Proponents' Testimony:

Mr. DeCunzo displayed a map of the proposed cemetery project. The project will be supplemented with federal funds. The Department of Natural Resources and Conservation (DNRC) has helped the DMA to acquire the land for the cemetery site. Once completed, the cemetery will provide burial space for Western Montana Veterans for approximately the next 50 years. The preliminary project planning has been completed using funding from the previous legislative session. The maintenance of these cemeteries is

conducted and funded through the sale of Veterans License Plates. No general funds are needed for operation and maintenance at these sites.

Mr. DeCunzo continued that the department has a technical amendment to the bill. The amendment will change the language in the bill to clarify the funding sources of this project and the next.

Mr. Easy went on record in support of the project.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 1.9}

Opponents' Testimony: none.

Questions from Committee Members and Responses:

REP. WITT asked how the DNRC contributed to the project.

Mr. Foster replied that a group of Missoula veterans had identified possible sites for a cemetery. The DNRC had about 25 acres from their tree farm that were not currently being used. DNRC saw this project as a valid development of the land and offered it to the DMA. An executive order transferred the land from DNRC to the DMA.

SEN. COONEY asked if the cemetery was near Fort Missoula.

Mr. Foster responded that the cemetery location is very close to Fort Missoula.

Montana State Veterans' Cemetery Columbarium, Page 175

Proponents' Testimony:

Mr. DeCunzo stated that this project will allow for construction of a columbarium at Fort Harrison. A columbarium is a facility that allows for interment of cremations. Cremations account for about 70 percent of burials in Montana.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

CHAIRMAN WELLS asked for explanation of the storage method.

Mr. DeCunzo replied that the ashes were contained in small storage compartments.

CHAIRMAN WELLS commented that the facility could be expanded if needed.

Mr. Triem said that the DMA amendment (Exhibit 3) to increase federal funding for the Chinook Project would free \$45,000. This money could be added to another DMA project or the department could formulate an amendment to revert the money to LRBP account.

CHAIRMAN WELLS stated that the committee would like to see the money go back into the ending fund balance.

Mr. Triem told the committee that the next projects would be for Department of Corrections (DOC) improvements to the Montana State Prison (MSP).

Improve Water System, MSP, Page 85

Proponents' Testimony:

Mr. Triem stated that this project ranked as a high priority with the state. The project would address repairs for deficiencies in three areas:

- 1) A well will be replaced at the MSP site.
- 2) Irrigation water will be removed from the potable system.
- 3) The well sediment problem will be isolated.

The first well is beginning to fail and the system will be unable to meet Department of Environmental Quality (DEQ) standards in the future.

Mike Mahoney, Warden, Montana State Prison, distributed handouts of the project review (Exhibit 4). Mr. Mahoney further explained the problem with the wells at MSP.

EXHIBIT(jlh26a04)

Opponents' Testimony: none.

Questions from Committee Members and Responses: none.

{Tape: 2; Side: A; Approx. Time Counter: 1.9 - 14.4}

Improve High Side Kitchen Ventilation, MSP, Page 93

Proponents' Testimony:

Mr. Triem explained that this project would address carious HVAC deficiencies at the prison. This project is included in HB 12 as well as HB 5. Completion of the project will significantly reduce energy inefficiency.

Mr. Mahoney stated that changes in the feeding system at the prison have contributed in part to this problem. The prison completes the food preparation for a number of state facilities, resulting in longer hours spent in the kitchen. The feeding process at MSP has changed from cafeteria-style to a "sightless" tray distribution. This has decreased instances of inappropriate interaction between inmates, but also contributed to the heat problem in the kitchen.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

CHAIRMAN WELLS asked what "High Side" referred to.

Mr. Mahoney explained that the MSP consists of three major compounds. High Side refers to the location of the kitchen within the classifications of the compound.

CHAIRMAN WELLS asked if meals are prepared at the High Side Kitchen and heated elsewhere.

Mr. Mahoney replied that bulk food is brought to the High Side Kitchen and is reheated and served en masse.

{Tape: 2; Side: A; Approx. Time Counter: 14.4 - 23.2}

Improve Perimeter Security, MSP, Page 153

Proponents' Testimony:

Mr. Triem presented this project for improved security at MSP, Deer Lodge. Various improvements to the fence and security will be implemented. This project will repair the central reception unit fence system, replace broken razor wire and improve compound security.

Mr. Mahoney described the security system at MSP. The system consists of towers, armed officer patrols and fences. The razor ribbon on parts of the fence needs to be replaced. The compound fence also needs to be replaced. The MSP maintenance department will do as much work on the project as possible in an effort to keep costs low.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 3.3}

Opponents' Testimony: none.

Questions from Committee Members and Responses:

REP. WITT asked about the project expenditures in comparison to private facilities.

Mr. Mahoney responded that it is very hard to compare private and public prison costs. MSP is the only facility in the state that holds maximum security prisoners. Any inmates with health problems are automatically housed in state facilities. These two factors can increase the prison expenditures.

SEN. COONEY asked if any inmates had ever escaped through the perimeter fence.

Mr. Mahoney answered that the last prison escape resulted from a breach of security, rather than scaling the fence. Inmates have been successful in cutting through the fence.

SEN. COONEY asked what happened to the old razor ribbon.

Mr. Mahoney replied that the ribbon was baled and then sent to recycling.

CHAIRMAN WELLS asked what the trend was for the inmate population.

Mr. Mahoney responded that the prison was seeing a growth of about 5.6% per year. MSP has nearly reached its emergency capacity.

{Tape: 2; Side: B; Approx. Time Counter: 3.3 - 15.4}

REP. LENHART asked if MSP could transfer some of its residents to the regional facility in Glendive.

Mr. Mahoney replied that the state was obligated by contract to keep the Glendive facility at 50% capacity.

REP. LENHART asked for clarification of the emergency cap.

Mr. Mahoney explained that in a facility there are a certain number of specialty beds set aside for inmates with special circumstances. When those beds have to be filled with general population inmates, the facility is at its emergency capacity.

REP. WITT asked about the United States Marshals inmates who are housed at MSP.

Mr. Mahoney stated that the United States Marshals' Office is allowed access to 88 beds in the facility. The increase in the state prisoner population has led to discussion about the possibility of reclaiming those beds for the state.

{Tape: 2; Side: B; Approx. Time Counter: 15.4 - 21.5}

Mr. Triem announced that representatives from DNRC would be presenting the next project.

Replace Clearwater Fire Unit Cache, Page 156

Proponents' Testimony:

Sue Clark, DNRC, gave some background on the DNRC fire program. \$250,000 has been requested for construction of a new fire cache and shop. This project will replace existing facilities that no longer meet regulations nor provide adequate storage and maintenance space. The new facility will include two bays that can hold four trucks as well as additional office space and shower facilities.

Opponents' Testimony: none.

Questions from Committee Members and Responses:

CHAIRMAN WELLS asked where the new facility would be located.

Ms. Clark responded that the fire cache is near Ovando.

Mr. Triem stated that the final two projects would be presented by the Department of Public Health and Human Services (DPHHS) and the Montana Historical Society (MHS), respectively. The DPHHS project has been proposed in the form of an amendment (Exhibit 5) and does not appear in the budget book. The amendment gives authority for construction of an expansion to the DPHHS commodity warehouse. The expansion will be funded through private grants.

EXHIBIT(j1h26a05)

{Tape: 2; Side: B; Approx. Time Counter: 21.5 - 31}

Food Commodity Warehouse Addition**Proponents' Testimony:**

Jim Nolan, DPHHS, discussed the facility's background and distributed project outlines (Exhibit 6) to the committee members. Much of the commodities stored in the facility need to remain frozen and there is little freezer space at the existing warehouse. The facility is old and the freezers consistently break down. The department has had to transport foods over 60 miles to off-site freezers. The department would also like to expand their dry storage space through the project. The project will only go ahead if DPHHS is successful in securing federal funds.

EXHIBIT(jlh26a06)

{Tape: 3; Side: A; Approx. Time Counter: 0 - 7.4}

Opponents' Testimony: none.

Questions from Committee Members and Responses:

SEN. COONEY asked for clarification of the amount of authority requested. The authority amount on the amendment was slightly more than the amount originally recommended.

Mr. Nolan stated that the amendment reflects the best current estimates of the authorization needed for the project, but the project could go ahead with either the DOA or DPHHS recommendations.

SEN. COONEY asked if DPHHS would have to come before an interim committee once federal funding comes through and the project is ready to begin.

Tom O'Connell, DOA, Architecture and Engineering, answered that once authority was given, the project could move forward at any time.

CHAIRMAN WELLS asked for clarification of the figures on the DPHHS handout.

Mr. Triem replied that the amount listed in the DPHHS handout (Exhibit 6) reflects the total grant amount requested for the project.

REP. WITT asked if there would be any project oversight.

Mr. O'Connell replied that typically oversight takes place when a report of completed projects is given to the committee during the following biennium.

Jon Moe added that interim committees can provide oversight for the projects.

{Tape: 3; Side: A; Approx. Time Counter: 7.4 - 13.5}

Montana Historical Center Presentation

Proponents' Testimony:

Arnie Olson, Director, Montana Historical Society (MHS), distributed examples of museum and library archives donations from all Montana Counties (Exhibit 7) and began presentation of the Capital Hill Mall Project. The Montana State Museum is in need of a better facility and more space. MHS has been given the opportunity to purchase the Capital Hill Mall building to be used as a new museum facility. MHS proposes to complete this purchase with HB 5 funding as well as matching private funds. An amendment is needed to insert the project in HB 5. Mr. Olson displayed pictures of the proposed facility layout.

EXHIBIT(jlh26a07)

{Tape: 3; Side: A; Approx. Time Counter: 13.5 - 30.5}

Betty Babcock, Co-Chair, Montana History Center, cited the Capital Hill Mall location and available space in her statement of support for the project (Exhibit 8).

EXHIBIT(jlh26a08)

David Ewer, Budget Director to Governor, stated that the project was on the Governor's list of projects that would benefit the State of Montana. He added that the budget has set aside \$60 million in general obligation bonds and the legislature must decide what projects deserve the funds.

{Tape: 3; Side: B; Approx. Time Counter: 0 - 20.3}

Joe Mazurek, MHS; Amy Gramalis, Montana Tourism Coalition; Tim Burton, Helena City Manager; Lee Rostad, MHS; Tim Bartz, Montana Historical Foundation; REP. NORMA BIXBY, HD 41; Stuart Doggett, Montana Innkeepers Association; Barbara Ranf, Montana Chamber of Commerce; Bob Morgan, MHS; Tom Nygard, Montana Historical Foundation; Chere Jiusto, Montana Preservation Alliance; Phillip

Johnson, MHS; and Amy Sullivan, Montana History Foundation went on record in support of the project.

Ms. Sullivan submitted letters of support (Exhibit 9) from current and former legislators federal and state legislators who supported the project.

EXHIBIT(jlh26a09)

{Tape: 4; Side: A; Approx. Time Counter: 0 - 20}

Opponents' Testimony:

Mr. Easy stated that he supported the mission of MHS, but could not support the project under its current time line. He feels the project could impact property taxes and this should be addressed before it moves ahead.

Questions from Committee Members and Responses:

SEN. BRUEGGEMAN asked what would happen to the businesses currently housed in the mall.

Mr. Olson replied that MHS expects there will be a two to three year transition period during which the businesses will relocate.

Richard Mendenhall, Westwood Properties, Capital Hill Mall, explained that studies have been conducted to determine the best use of the property. The contract between MHS and the mall property needs to be completed before a time line will be established.

SEN. BRUEGGEMAN asked if any sites had been examined for possible relocation of the businesses.

Mr. Mendenhall replied that the businesses in the mall will have the first say on where they will be relocated. Greater discussion of the topic will begin once the property is in fact purchased.

{Tape: 4; Side: A; Approx. Time Counter: 20 - 31}

CHAIRMAN WELLS asked if the tax issues had been addressed.

Mr. Mendenhall replied that property taxes generally are not as significantly affected as sales taxes. If a new mall is constructed, it would be at least as big as the current mall. Mr. Mendenhall believes the tax base will benefit from such a move.

{Tape: 4; Side: B; Approx. Time Counter: 0 - 8.4}

CHAIRMAN WELLS indicated that Ms. Jiusto would be doing a short presentation on behalf of the Montana Preservation Alliance.

Ms. Jiusto gave some background on the Montana Preservation Alliance and distributed pictures of historic buildings in need of preservation (Exhibit 10). The Montana Preservation Alliance supports restoring the Boulder River School, which is currently slated for demolition.

EXHIBIT(j1h26a10)

{Tape: 4; Side: B; Approx. Time Counter: 8.4 - 16.9}

Mr. Triem stated that the Boulder River School has been positively identified for preservation. The building is eligible for private ownership. He feels the department would allow some transition time if the building is in fact going to be preserved. he added that he would like to see a time line for the proposal.

SEN. COONEY asked if it was imperative to demolish the building.

Mr. Triem responded that the building's demolition was one of the lower priorities for the state.

SEN. COONEY asked Ms. Jiusto if she felt it was necessary to put language into bills that would encourage preservation of historic buildings.

Ms. Jiusto replied that she would appreciate such an amendment and felt it would help the cause.

The meeting was adjourned.

ADJOURNMENT

Adjournment: 11:55 A.M.

REP. JACK WELLS, Chairman

LAURA DILLON, Secretary

JW/ld

Additional Exhibits:

EXHIBIT ([j1h26aad0.TIF](#))